



A message from Jody B. Olson
Retirement Board Chairman

ENDING THE YEAR ON A HIGH NOTE

It is always exciting to close out the year with good news. I am pleased to report at its October meeting, the Retirement Board approved a 3.6 percent discretionary cost-of-living adjustment (COLA) for our more than 27,000 retirees. This exceeds last year's increase of 2.7 percent plus the 0.8 percent retro COLA. The Board was able to approve the increase because the funding level as of June 30, 2005 was at 93.2 percent of the actuarial accrued liability.

The COLA must still be affirmed by the legislature when it reconvenes; however, I am confident the decision will stand. When approved, the COLA will go into effect on March 1, 2006.

The second bit of good news is the Board is delaying the planned contribution rate increase for both employers and employees until July 1, 2007. As it does each year, the Board carefully

reviewed the contribution rate schedule and determined we could postpone the increase for another year because PERSI has been fiscally prudent and has, once again, had a good return on investments. This postponement means our more than 64,000 active members and our 684 employers will not have to pay nearly \$22 million into the fund during the coming year.

While it is not uncommon for public pension systems to operate at a funding ratio of less than 100 percent, in recent years the funding gap has widened dramatically for many systems. This is not the case with PERSI; in fact, it is quite the contrary. PERSI has continued to increase its funded ratio and, as such, has remained in the top tier of public retirement systems nationwide. Thanks to the capable staff and exceptional leadership of Executive Director Alan Winkle and an experienced investment team led by Chief Investment Officer Bob Maynard, PERSI is on solid ground for the future.

BEWARE OF DECEPTIVE MAILINGS

PERSI wants to make employers aware of deceptive mailings that have circulated in other states. Coming from a financial planning company, the most recent mailer targeted Arizona teachers, offering to help with their retirement decisions. The mailers, which gave the impression they were from the state pension office, arrived in the teachers' mailboxes at work. The mailing included a pamphlet using the Arizona State Retirement System acronym ASRS, which was familiar to its members. The name of the actual company sending the piece appeared once in small print. The situation came to the state's attention when ASRS began receiving calls about evening and in-home appointments...something

the state retirement system would never do.

Why were teachers targeted? Generally, teachers make up a large portion of public employees contributing to state retirement funds; the average age is 44, so many are preparing for retirement; and they often take benefits in a lump sum, so they might be looking for good investments. But how did the financial company get the names of the teachers? Many schools and universities list the names of staff on their Web sites, so it was easy.

Because the company was asking for personal information from teachers such as date of birth,

salary, and beneficiary names and birth dates, it caused great concern. The information could easily be used illegally, although the company involved insisted it uses the data to help determine the teachers' state retirement benefits and to connect those in need of financial planning with ethical professionals.

Unless a complaint is received, the Attorney General's office does not conduct an investigation. So it's up to the schools to warn teachers about the deceptive mailers...and that's what PERSI

would like to see happen in Idaho. We want to make everyone aware of these kinds of deceptive tactics.

PERSI suggests those considering a financial planner ask for and review the "Uniform Application for Investment Advisor Registration." Known as Form ADV, the document provides the advisor's history, company background, and licensing information. More about this form and advisor registration can be found on the U. S. Securities and Exchange Commission Web site at www.sec.gov.

PERSI ANSWER CENTER UP AND RUNNING SMOOTHLY

In an effort to improve its customer service without compromising the "personal touch" for which it is known, during the past year PERSI created a contact center with the goal of answering questions and/or responding to inquiries without transferring or passing callers around, and without asking members to call back. Still a "work in progress," the PERSI Answer Center (PAC) was launched in September with seven staff dedicated to phone duties and six retirement counselors available throughout the state to meet with members.

PERSI committed considerable resources and effort so the PAC staff would receive the training necessary to ensure success, knowing there would be a return on investment through a better educated staff and more satisfied members. Training modules specifically designed for PAC staff included comprehensive coverage of retirement benefits, sick leave, separations, and divorce, disability, and death issues.

Almost immediately, the PAC staff was bombarded with Medicare Part D questions. Thanks to training and educational materials provided by the Senior Health Insurance Benefit Advisors (SHIBA) program and other agencies involved, the staff was able to field questions and redirect callers to the appropriate sources for accurate and up-to-date information.

By establishing a centralized contact center staffed with generalists, PERSI can respond to members more quickly. According to PAC Manager Judy Aitken, "We're able to give the right answer without shuttling callers around. This saves our members

valuable time, and reduces their frustration level since they are dealing with a single source. There are questions and situations, however, which are so complicated they require a specialist. In those instances, callers are asked if they would like to speak with a specialist or make an appointment with one of the PERSI retirement counselors."

The PAC idea emerged from a reengineering process initiated by PERSI in 2003. By restructuring the organization, PERSI is better positioned to meet the increasing needs of both its members and employers well into the future.

Notes

Kris Colt, a PERSI IT professional, attended imaging training at FileNet in Costa Mesa, California. FileNet is a company working with PERSI to convert paper and microfilm documents into electronic files, making access much easier, quicker, and more secure. Kris and **Nancy Fauver**, another PERSI IT professional who will attend training in a few months, will serve as the liaisons with FileNet and as administrators for PERSI.

PERSI staff supported the SMRIST Essentials Food Bank in Idaho City by collecting food and cash donations for Thanksgiving food baskets for families in need.

PERSI staff adopted two families for Christmas through the Neighborhood Housing Authority's Homeward Bound program. Food, clothing, furniture, and toys are being collected to help these families have a brighter holiday.